

# SENATE BILL No. 383

April 27, 1989, Introduced by Senator O'BRIEN and  
referred to the Committee on Commerce and  
Technology.

A bill to amend section 1206 of Act No. 218 of the Public  
Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended by Act No. 501 of the Public Acts of 1982, being sec-  
tion 500.1206 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 1206 of Act No. 218 of the Public Acts  
2 of 1956, as amended by Act No. 501 of the Public Acts of 1982,  
3 being section 500.1206 of the Michigan Compiled Laws, is amended  
4 to read as follows:

5       Sec. 1206. (1) A license issued by the commissioner shall  
6 set forth the name of the agent and the lines of insurance per-  
7 mitted by the license. A person who is licensed to act as an  
8 agent for life or disability insurance or for casualty insurance  
9 is permitted to act as an agent for legal expense insurance

1 without obtaining additional authorization or licensure from the  
2 commissioner. The agent shall display the license in his or her  
3 principal place of business.

4 (2) The license shall continue in effect until suspended or  
5 revoked by the commissioner, ~~or~~ voluntarily surrendered by the  
6 licensee, OR TERMINATES BECAUSE OF LACK OF AUTHORITY OR APPOINT-  
7 MENT TO ACT AS AN AGENT IN THIS STATE FROM AN ADMITTED INSURER.  
8 ~~The commissioner shall demand and the licensee shall surrender~~  
9 ~~the license when the commissioner's records indicate that the~~  
10 ~~licensee is without authority from any insurer to act as agent.~~  
11 IF THE COMMISSIONER'S RECORDS INDICATE THAT AN AGENT HAS NO VALID  
12 OR ACTIVE APPOINTMENT FROM AN ADMITTED INSURER, THE COMMISSIONER  
13 SHALL NOTIFY THE AGENT THAT THE AGENT HAS NO VALID OR ACTIVE  
14 APPOINTMENT. THE AGENT SHALL HAVE 60 DAYS FROM THE DATE NOTICE  
15 IS SENT BY THE COMMISSIONER TO SECURE A VALID APPOINTMENT AND  
16 HAVE NOTICE OF THE APPOINTMENT FILED WITH THE COMMISSIONER. IF  
17 NOTICE OF APPOINTMENT IS NOT RECEIVED BY THE COMMISSIONER WITHIN  
18 THE 60-DAY PERIOD, THE AGENT'S LICENSING AUTHORITY SHALL BE CON-  
19 sidered TERMINATED FOR FAILURE TO COMPLY WITH THE LICENSING  
20 REQUIREMENTS OF THIS ACT.

21 (3) The commissioner may reexamine a licensed agent at any  
22 time upon written notice with stated reasons.

23 (4) The commissioner, without examination, may issue a tem-  
24 porary license to a natural person who demonstrates to the satis-  
25 faction of the commissioner that the death or physical or mental  
26 incapacity of an agent makes the action reasonably necessary to  
27 assure continued operation of the agent's business. The

1 temporary license shall be effective for 90 days, and may be  
2 extended for additional periods of 90 days in the discretion of  
3 the commissioner.

4       (5) The commissioner may issue a temporary license permit-  
5 ting collection of premiums on industrial insurance contracts to  
6 an applicant for a license to act as an insurance agent whom he  
7 or she determines to be honest and trustworthy. The temporary  
8 license shall be effective for 90 days, renewable for 1 addi-  
9 tional period of 90 days, or until disposition of the application  
10 to act as an insurance agent, whichever occurs first. If the  
11 commissioner does not notify the applicant of action on the  
12 request for a temporary license within 15 days after mailing of  
13 the application, the request for a temporary license shall be  
14 ~~deemed to have been~~ CONSIDERED granted. For purposes of this  
15 subsection, an "industrial insurance contract" means a contract  
16 for which premiums are payable at monthly or more frequent inter-  
17 vals directly to a representative of the insurer by the person  
18 insured or by a person representing the person insured.